

National Home Center News

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Jan. 14, 1985

Chains ponder pick of New England's pockets

Independents gird to hold on to market

By John Caulfield
NHCN senior editor

BOSTON — There are 79 Grossman's, 15 Diamond Lumbers, 15 Channels, eight Lloyd Lumbers, four 84 Lumbers, two Rickels and two Pergaments in the six-state New England market.

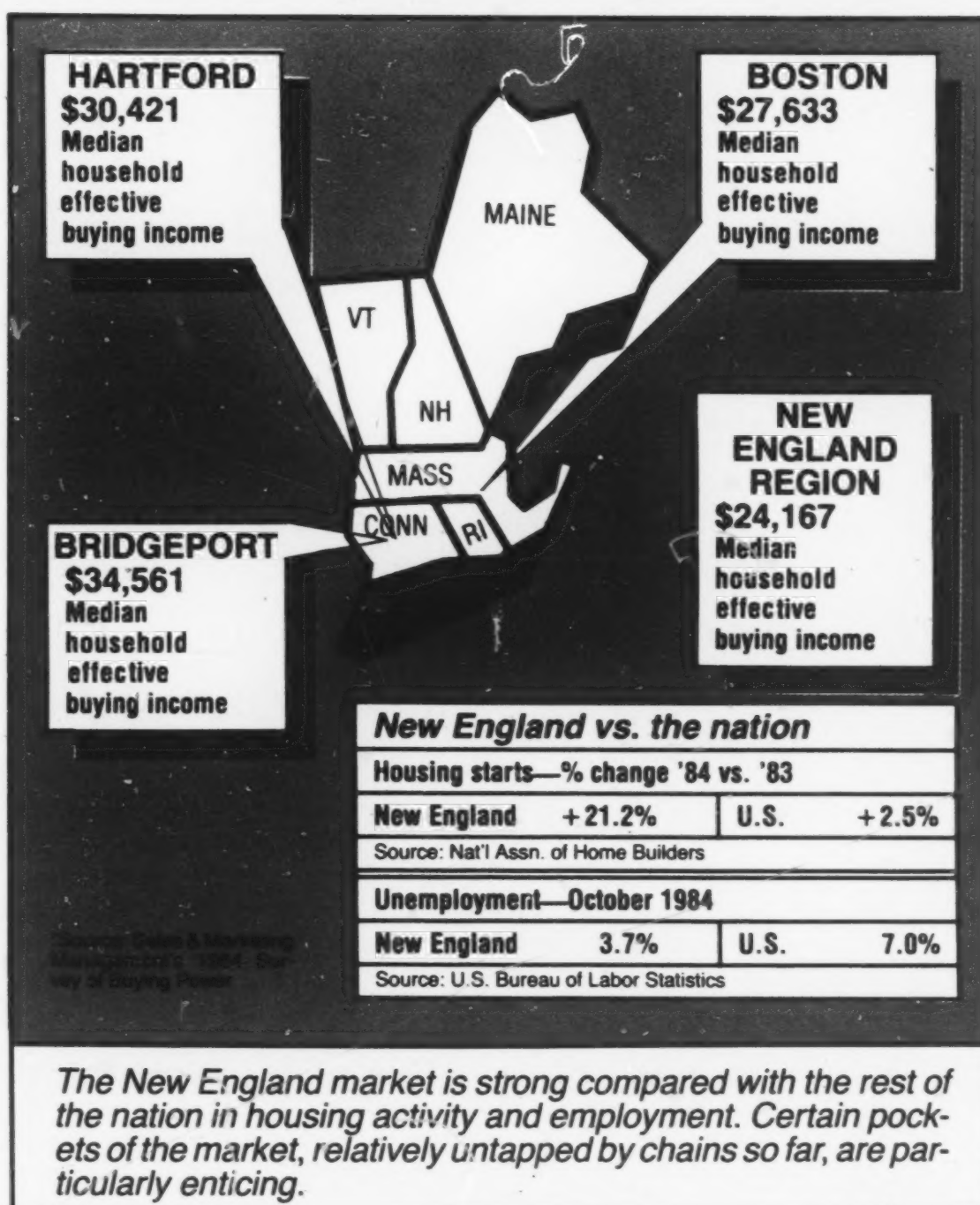
But local dealers and wholesalers will tell you that there is minimal, if any, chain dominance in this region, and very little expansion by the major chains operating stores here.

In the past, New England's size, economy and population have made it a less attractive market to home centers than the Sunbelt or the West, and many chains continue to ignore it for future growth.

However, the market, in recent years, has turned around. Its housing market is booming, its unemployment shrinking, and its economy and population are holding steady.

Pockets of this market have some of the highest sales of

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Boston & Connecticut market demographics rival Sunbelt's

By Ronald R. Gurczynski
NHCN associate editor

BOSTON — Hartford, Fairfield County or even Boston does not have the same ring as Dallas, Phoenix or Atlanta when it comes to hot home center competition and the warehouse wars. But wait.

"We think of New England as a very attractive area for us," said Arthur Blank, president of The Home Depot, the Atlanta-based warehouse chain. "The region contains a lot of people with money, and we believe some of that money should belong to us."

While Home Depot has no plans for New England expansion in 1985, Blank said the population density of Boston offered a good growth opportunity. And Georges Hanzl, president of Homecrafters Warehouse, said that the warehouse companies, which generally have Sunbelt orientations, would look to New England for future expansion

when the Sunbelt reaches its saturation point.

Several months ago, in an S.E.C. statement, Hechinger indicated it is considering a future move into New England, while Rickel, already in the region, will add a third Connecticut store this year. Grossman's, the largest chain presence in New England, with 79 stores, opened its first warehouse store in Brookville, Conn.

Similarly, Payless Cashways, which became a major force in New England through its acquisition of Somerville Lumber in March 1984, is tightening its grip on the market. "We're actively looking for new locations and its no secret we want to be in southern New Hampshire," said Melvin Cohen, Somerville's chairman. Cohen added that Somerville will add two stores this year and two or three next year.

And Cohen warned potential competitors that "New En-

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Knox on block as parent repositions in lumber industry

By Linda Lynton Carnevale
NHCN field editor

ST. PAUL — Knox Lumber's parent company, Southwest Forest Industries, is considering the sale of all or part of the 10-unit home center chain, as the forest products corporation adjusts to changing market conditions and recovers from several years of heavy losses.

Knox Lumber executives may not be heartbroken over the idea of splitting from Southwest Forest—which

has owned it for the past four years—as they have been prevented from carrying out expansion and new merchandising plans that had been announced in late 1983, due to lack of capital.

In fact, a leveraged buyout of the home center chain could be an alternative being considered, as Knox president, Larry Platt, said, "The management is likely to be part of any new ownership."

At the same time, Platt would not rule out the options of joining with a larger retail chain or spinning off Knox Lumber as an independent entity.

Knox Lumber executives have started planning for future expansion and are current-

ly studying potential new markets. "We hope to have 10 more stores in the next three to four years, and be present in force in a totally new market by then," said Platt, who would not indicate where the new market might be.

Knox opened its 10th store in mid-1984 in Newport, Minn., with a different merchandising emphasis from earlier units, including warehouse fixtures

over more than a third of the store and a 46,000-sq.-ft. selling floor—double Knox's average store size up to then.

"We're learning a lot from the new store," said Platt, who added that future stores will probably evolve from what the company learns in Newport.

Knox may not need to change too dramatically in the coming years as both its sales and earnings have been increasing in the

past few years.

Sales jumped to \$84 million in 1983 from \$70 million in 1982, and are expected to rise 16% to 17% in 1984 to about \$98 million, according to Jim Hartman, vice president administration.

In addition, financial observers expect Knox to have earnings that will reach 3% or more of sales in 1984. Knox had earnings that were about 3% of sales

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NEW SYSTEMS CRUCIAL TO STORE START-UPS

Warehouses plugging into computer age

By Phillip M. Perry
NHCN associate editor

NATIONAL REPORT — When Home Quarters Warehouse opens its first two stores in eastern Virginia early this year, it will already have in place a sophisticated computer system designed to help it achieve maximum profitability.

The move reflects a recent, dramatic change that has occurred in the attitude held by warehouse home center operators toward their data processing systems. When Home Depot launched the first warehouse units almost six years ago, traditional manual inventory tracking methods were used. And even two years ago, Home Centers of America opened its Home-Pro units without computer sophistication.

Today, those chains perceive their inventory tracking needs much differently. Only this past summer Home Depot installed a computerized point-of-pur-

chase perpetual inventory system for the first time. And the Home-Pro Warehouse stores, now operating under the name of Builders Square under the

ownership of K mart, are slated to go on-line with a similar computerized tracking system during the first half of this year.

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NEWSBREAKS

STANTON BOLTS PAYLESS CASHWAYS. Tom Stanton resigned as regional executive for the western region of the Kansas City-based chain, effective Dec. 21, having held that post for 20 months. He was replaced by John Fischer, a 17-year company vet, formerly a district manager in Tulsa, Okla.

NEW CHIEF AT BE. Hal Smith has been named the new president at Builders Emporium, ending the Irvine, Calif., chain's four-month search for a chief executive following the early retirement of Tony Swies. Smith, 33, joined BE as executive vp in October, and will report to Sanford Sigoloff, chairman of Wickes.

14 Busy Beaver stores reopen as Fagen's.

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Tulsa Independent adapts deftly.

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Big Jake's: A big fish in a small pond.

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A look at Pergament's prototype warehouse.

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NHCNews Briefs

Industry Update

Depot secures 2nd Calif. site

OCEANSIDE, Calif. — The Home Depot reportedly has secured a second store location for the warehouse chain's expected arrival in southern California.

The Oceanside Planning Commission has approved The Home Depot's zoning request for a 17½ acre site in this coastal city in northern San Diego County.

Planning Department officials said its planning commission approved an 80,000-sq.-ft. store at College Boulevard and Vista Way which is expected to gross \$25 million annually. Conditions of the approval included widening several streets, improving traffic signals and other site changes.

Last February, The Home Depot took a site in Huntington Beach, Calif.—a former Zody's discount department store—but has not yet opened the 75,000-sq.-ft. building.

Homeowners DIY unit closes

GARDENA, Calif. — Homeowners DIY Centers, a southern California regional chain, has closed its La Puente store in order to "develop the potential" of its four remaining units in West Los Angeles, Torrance, Gardena and Montebello, according to Louis Share, Homeowners' chairman.

Homeowners, which recorded sales of \$26 million in 1984, made the store-closure move "to cut our losses" at the outlet, Share said. Employees were transferred to other locations. Share said he is not ruling out the possibility of expansion this year "if we find an exceptional location."

Rickel to open 4 new stores

WOODRIDGE, N.J. — Rickel Home Centers will open at least four additional stores this year. The new units, which are expected to be the latest versions of the Rickel prototype, will be located in Connecticut, New Jersey and "points south of Philadelphia," according to Rickel president Chuck Davis.

The new units will be funded by a \$22.5 million allocation from parent Supermarkets General Corp., a record high capital expenditure budget for Rickel. Harvey Gutman, vice president of planning and research at Supermarkets General, said, "We continue to see good opportunities within the home center industry."

The money for Rickel's expansion is part of a record high \$150 million Supermarkets General capital expenditure program for this year. The 1985 figure is a 36% increase over 1984's \$110 million capital expenditure budget, which also was a record.

Wickes makes 1st cash payment

SANTA MONICA, Calif. — Wickes Cos. made a \$298 million cash payment to creditors late last month, the first payment under the plan of reorganization that takes Wickes out of Chapter 11 bankruptcy proceedings.

The plan, which was confirmed in September by Federal Bankruptcy Judge William J. Lasarow (NHCN, Oct. 8, 1984), provides for the settlement of Wickes' remaining \$1.3 billion debt through a combination of cash, notes, stocks and warrants.

On Jan. 26, Wickes is slated to issue \$569 million in notes, about 80 million shares of common stock and warrants to buy another 12 million shares of common stock.

Hill-Behan plans 2nd DIY outlet

ST. LOUIS — Hill-Behan, a chain of 33 stores doing an estimated \$75 million annually, expects to open the second unit in its new Lumber Jack chain during 1985.

The company is looking at locations in the St. Louis area as well as in other cities, according to Patrick J. Behan, vice president of the chain's St. Louis division.

Behan said he was "pleasantly surprised" at the sales result of the first Lumber Jack, which was opened July 9, 1984, in response to growing competition in the St. Louis marketplace (NHCN, Aug. 13, 1984). Precise sales levels were not revealed.

The new Lumber Jack unit has been moving some 80% of its volume to do-it-yourselfers, compared to an average of 50% at traditional Hill-Behan stores. While Hill-Behan units offer charge accounts to professional customers, Lumber Jack is strictly a cash, check or bank card transaction store.

Lumber Jack has 7,000 sq. ft. of showroom, plus a 14,000-sq.-ft. attached warehouse area that is open to the public and which contains a drive-through. Traditional Hill-Behan stores range in size from 10,000 sq. ft. to 14,000 sq. ft., although the chain does have one 25,000-sq.-ft. unit.

14 Busy Beaver stores open as Fagen's

PITTSBURGH — Jack Fagen, former president of Busy Beaver Home Centers, opened his 14-unit contractor-oriented home center chain on Jan. 2 under the name Fagen's.

Currently, Fagen, who on Dec. 31 officially became owner of the units he purchased from the Pittsburgh-based retailer, is working on a five-year plan for his new company.

Through next month, Fagen said his company will still be located at Busy Beaver's corporate offices in Pittsburgh. After that, Fagen's will be headquartered in Verona, Pa., in an 8,000-sq.-ft. office building now being renovated in front of Fagen's Verona store.



Jack Fagen

Fagen said his new company is "looking to appeal to the project-oriented DIYer and the pro customer." His locations will be

marked by a blue and pale yellow "Fagen's" sign.

Converting from the retail focus of the Busy Beaver stores to Fagen's "pro" locations will mean focusing on some changes in product presentation, Fagen said. Building materials and home projects will be emphasized, particularly in outdoor wood, decking and prehung steel doors. He also said he is expanding the plumbing and hardware departments.

Although stocking 8,500 stock keeping units in all stores, Fagen said his 14 locations will have different store hours. The four stores located in retail-oriented areas will be open 65

(Continued on page 57)

Evans Products joins billion dollar club

BRAINTREE, Mass. — When Barry Drangel, a 33-year-old Bostonian, went into Grossman's Union Street store in Braintree on Dec. 18 to buy fluorescent bulbs, he had no idea the company was readying itself for the billion-dollar sales bonanza.

When he approached the cash register to make his purchase bells went off and a surprised Drangel reportedly looked around wondering what happened, what he had done.

With Drangel's purchase,

Grossman's, the 345-unit retail division of Evans Products Co. of Miami became the fourth billion-dollar sales company in the home center industry. It joined Lowe's of North Wilkesboro, N.C., W. R. Grace Co. based in New York and Payless Cashways of St. Louis, Mo., for the billion-dollar sales distinction.

Development anticipated

Because this was an anticipated event, Tracy Posner, vp of Evans Products, was there for the celebration.

In recognition of Drangel's contribution to Grossman's sales position, he was given a three-minute shopping spree which won him nearly \$1,000 worth of assorted building supplies, among them, power tools, floor tiles and saws.

The \$1,000 value he collected was immediately matched with a \$1,000 check Grossman's donated to Boston's Children's Hospital.

Said Drangel, according to a Grossman's spokesman, "My wife will never believe this."

Small Ohio independent buys DIY firm

PLAIN CITY, Ohio — Motivated largely by a desire to reduce its dependency on contractor business, The Judson Lumber Company acquired Marysville Lumber in Marysville, Ohio, on Dec. 3, 1984. Both companies are located northwest of Columbus, Ohio.

"Marysville Lumber has a strong name in the community, and represents a perfect synergy for our yard, which is strictly contractor oriented," said Jud Blaine, president of Judson Lumber, which does some \$5.5 million annually out of one store. Over the next two years,

the company plans to make changes in the Marysville showroom and institute more competitive pricing in order to increase that store's consumer trade from its present 30% to a level of 50%.

"The contractor market is a volatile one," he added. "My perception is that when it goes down, the do-it-yourself business goes up."

While terms of the purchase of the single unit, \$1.4 million Marysville Lumber were not disclosed, Blaine said that it was internally financed, and was part of a larger plan by the

his firm to "maintain a steady growth" in number of units.

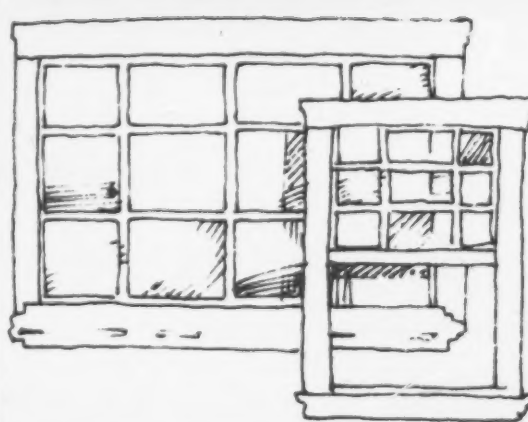
Blaine, a fourth generation lumberyard operator, plans to "become more competitive in product selection and in pricing" at the Marysville store.

"We are considering joining a buying group such as HWI," he said. "We will also be remodeling and restructuring our showroom so the customer can get in and out quickly."

The company has not set a budget for the remodeling effort. "We plan to build and remodel as we can afford it," said Blaine.

Highlights in this issue

Merchandising



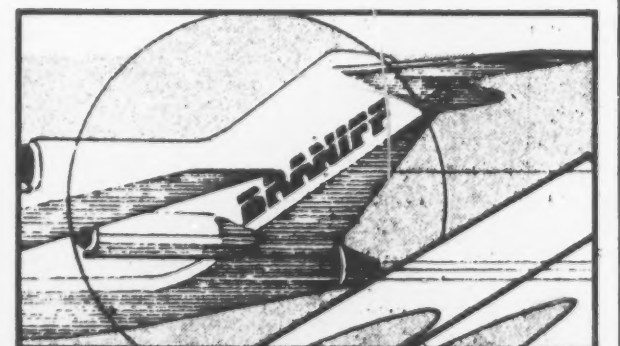
Insulated steel doors, at one time marketed almost exclusively to the pro contractor, are becoming what one dealer called "a more basic product" to many home centers' retail merchandise mix. In the window category, the introduction of aluminum and other non-wood materials have helped spur increased sales in the past year. Window treatment departments experienced a banner year in 1984, and dealers believe sales will continue to be strong throughout the next year.

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Advertising & Marketing

A spate of winter vacations ranging from Hawaiian sun holidays to skiing in the Rockies were offered by home centers in special promotions this past fall in an attempt to draw a greater variety of customers to their stores. Retailers attitudes on the frequency of using such promotions varied, with some seeing them as special events which should not be overused and others regarding them as an almost "everyday" part of promotional output.

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Systems & Operations

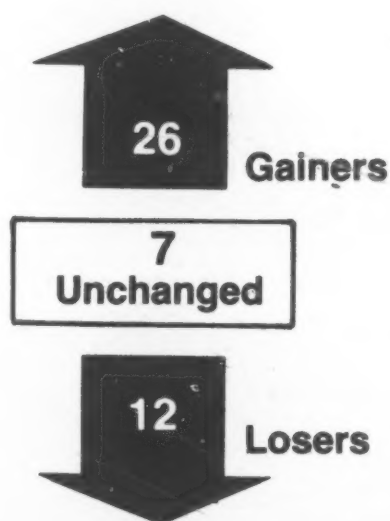
C. Markus, a 60-year-old California independent, recently made a \$450,000 commitment to a new data processing system. In late October, the three-unit, \$14 million chain installed the new system in its Oakland store, which will go on-line this month. The computer will handle both the company's inventory and accounting requirements.

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FINANCIAL NEWS



For the period ended Dec. 21, 1984, winning stocks outpaced losers 26 to 12, with seven stocks unchanged.

The increase is reflected in the slight upturn on the NHCN Retail Stock Index. Home center stocks, which were still underperforming the Standard & Poor's 500 Index by between 10% and 15%, seemed to rise on the strength of the brief pre-Christmas market rally.

However, Pay 'N Pak, coming off a poor third quarter, posted the largest loss for the period. The stock was down 15.7%, to \$12.13, from last issue's price of \$14.25.

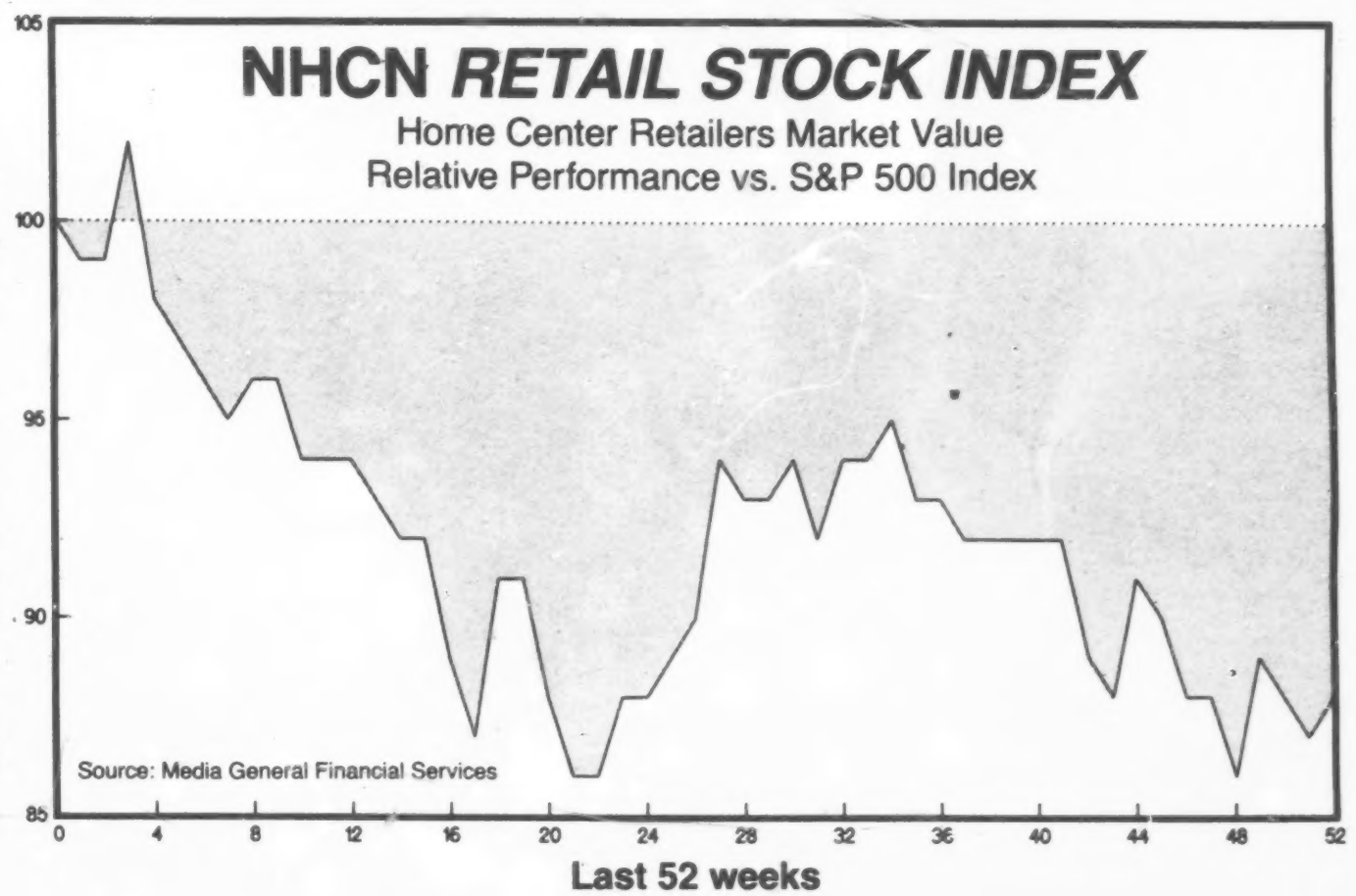
Evans Products, reversing a recent decline, was the largest single gainer, up 24% to \$3.88, amid uncertainty regarding the future of the company's retail division as

Evans chairman Victor Posner and former retail division president Mike Grossman continue to wrestle for control. Stanley Works came in a distant second in the winners' column, reporting an 8.8% price increase to \$26.25 per share.

In another reversal from last issue, Southwest Forest Industries is ranked No. 4 on the losers' list. In the previous issue, Southwest saw the greatest stock price jump. Southwest is attempting to sell its retail arm, Knox Lumber, St. Paul, Minn. (see story, page 1).

NHCN RETAIL STOCK INDEX

Home Center Retailers Market Value
Relative Performance vs. S&P 500 Index



MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change	Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
Stanley Works N	17,326	609.1	8.8	Pay 'N Pak N	3,988	250.0	-15.7
US Gypsum N	11,499	424.8	-1.2	Natl Gypsum N	5,892	226.7	-8.2
Owens Corning N	12,704	271.6	.4	Boise Cascade N	10,898	219.8	5.3
Georgia-Pacific N	46,069	271.1	1.6	Emhart Corp N	3,596	219.5	.4
Walter, Jim N	8,789	261.2	1.2	Certain-teed N	2,502	207.0	3.6

TOP GAINERS

Company & Market	2-Weeks Ended 12-21-84	2-Week Price Change	Total 2-Week Volume	Company & Market	2-Weeks Ended 12-21-84	2-Week Price Change	Total 2-Week Volume
Evans Prod N	3.88	24.0	2,293	Pay 'N Pak N	12.13	-15.7	3,988
Stanley Works N	26.25	8.8	17,326	Natl Gypsum N	36.50	-8.2	5,892
Waxman Ind O	9.75	8.3	259	Std Bld Pnt N	18.13	-3.3	2,037
Hechinger B M	21.00	7.7	486	SW Forest Ind N	15.50	-3.1	2,859
Hechinger A M	20.75	6.4	576	Wolohan Lumber O	4.63	-2.6	269

TOP LOSERS

Company & Market	2-Weeks Ended 12-21-84	2-Week Price Change	Total 2-Week Volume	Company & Market	2-Weeks Ended 12-21-84	2-Week Price Change	Total 2-Week Volume
Pay 'N Pak N	12.13	-15.7	3,988	Pay 'N Pak N	12.13	-15.7	3,988
Natl Gypsum N	36.50	-8.2	5,892	Natl Gypsum N	36.50	-8.2	5,892
Std Bld Pnt N	18.13	-3.3	2,037	Std Bld Pnt N	18.13	-3.3	2,037
SW Forest Ind N	15.50	-3.1	2,859	SW Forest Ind N	15.50	-3.1	2,859
Wolohan Lumber O	4.63	-2.6	269	Wolohan Lumber O	4.63	-2.6	269

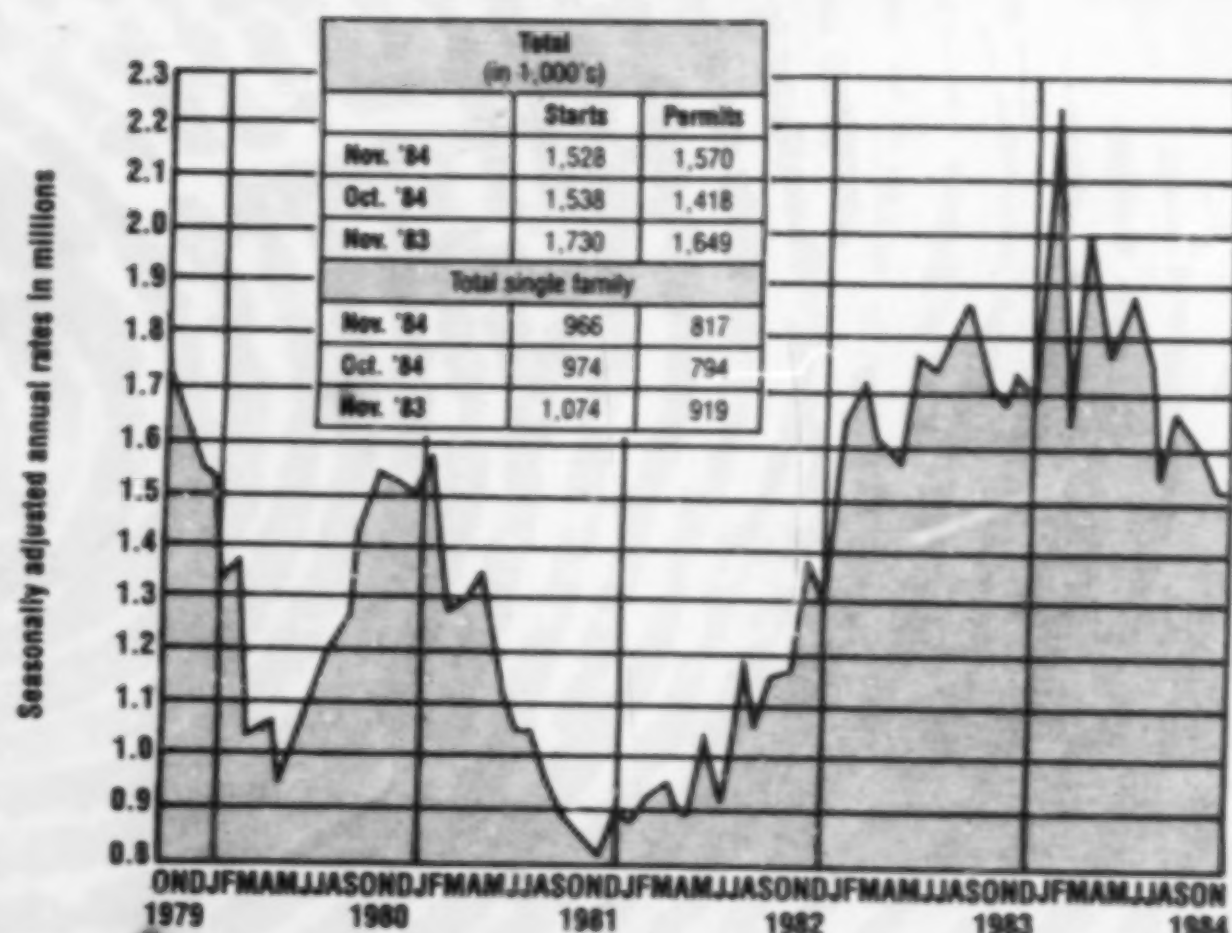


HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market											Financial Update																		
	Price								Volume			P/E	Indicated Divd. Rate	Latest Report			Latest Quarter						Year-to-Date							
	2-Weeks Ended		2-Weeks Change		2-Week Range		52-Week Range		2-Weeks		12-Week			Volume	New Report	Period	Date	Revenue		Net Income		E.P.S.		Revenue		Net Income		E.P.S.		
	12-21-84	Amt.	Pct.	High	Low	High	Low	Total	% Out	As % Out	Change			Amt.				Yld.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.
-	\$	\$	%	\$	\$	\$	\$	(100)	%	%	%	-	\$	%	-	-	-	\$Mil	%	\$Mil	%	\$	%	\$Mil	%	\$Mil	%	\$	%	
Retailers																														
Boise Cascade	N	39.63	2.00	5.3	40.50	37.38	45.00	32.50	10,698	4.03	1.26	219.8	10.8	1.90	4.8	.....	9 mos.	09-84	962.8	5.9	32.7	80.7	1.13	94.8	2909.7	14.1	94.1	103.7	3.24	120.4
Color Tile	M	15.88	.13	.8	16.00	15.63	17.88	13.63	1,818	1.98	1.64	20.7	10.7	.00	.0	.....	3 mos.	09-84	75.5	20.2	2.8	3.7	.31	19.2	75.5	20.2	2.8	3.7	.31	19.2
Edison Bros	N	33.50	.13	.4	34.00	33.13	43.00	32.50	311	.31	.32	-3.1	7.7	1.60	4.8	.....	9 mos.	09-84	270.7	8.6	8.9	-14.4	.88	-8.3	777.5	8.6	24.5	-9.9	2.37	-5.6
Erb Lumber	O	18.50	.00	.0	19.50	18.50	25.00	18.00	21	.23	.39	-41.0	8.6	.00	.0	.....	9 mos.	09-84	43.3	1.6	1.2	-7.7	1.30	-11.0	113.6	11.2	2.1	-4.5	2.29	-6.1
Evans Prod	N	3.88	.75	24.0	4.13	3.00	11.00	3.00	2,293	1.66	.61	172.1	NE	.00a	.0	.....	9 mos.	09-84	404.2	10.6	(12.6)	NE	(.99)	NE	1030.0	6.1	(58.1)	NE	(4.44)	NE
Forest City Ent	A	20.50	-.38	-1.8	21.00	20.50	21.25	15.00	32	.08	.18	-55.6	NE	.14	.7	.....	6 mos.	07-84	98.5	7.8	2.3	-51.1	.29	-50.0	170.7	3.9	.4	-91.7	.05	-91.7
Grace W R	N	39.50	-.50	-1.3	40.88	38.88	46.88	36.50	7,384	1.52	.63	141.3	9.9	2.80	7.1	.....	9 mos.	09-84	1658.3	10.1	33.1	17.8	.68	19.3	4897.0	9.7	136.5	34.2	2.80	35.3
Hechinger A	M	20.75	1.25	6.4	21.25	19.25	20.75	13.50	576	.82	.53	54.7	NA	.16	.8	.....	00-00	00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B	M	21.00	1.50	7.7	21.25	19.50	21.00	14.00	486	.27	.19	42.1	19.1	.10	.5	.....	9 mos.	10-84	100.4	28.7	4.7	30.6	.26	36.8	302.7	31.3	14.8	33.3	.81	32.8
Hines, Ed Lumber	O	40.50	.50	1.3	42.00	40.00	43.75	32.50	21	.12	.28	-57.1	27.4	1.00	2.5	.....	9 mos.	09-84	85.5	20.4	2.2	144.4	1.24	148.0	212.4	13.2	2.3	53.3	1.30	52.9
Home Depot	N	16.63	.38	2.3	17.25	15.50	27.88	12.00	11,142	4.46	2.32	92.2	30.2	.00	.0	.....	9 mos.	10-84	100.5	56.8	3.3	43.5	.13	44.4	315.4	81.6	10.5	50.0	.42	50.0
K mart Cp	N	35.25	.75	2.2	36.25	34.38	37.63	26.75	34,087	2.72	1.41	92.9	8.4	1.24	3.5	.....	9 mos.	10-84	4983.3	15.3	92.4	13.5	.71	12.7	14220.4	9.8	294.8	21.0	2.27	20.1
Lowe's Cos	N	24.38	.00	.0	25.13	24.00	25.13	16.25	7,615	2.10	1.14	84.2	14.6	.32	1.3	.....	9 mos.	10-84	447.7	17.2	17.6	23.9	.49	25.6	1312.9	19.4	50.9	23.8	1.41	23.7
Mich General	A	6.38	-.13	-1.9	6.88	6.25	9.63	4.63	2,049	1.81	1.02	77.5	24.5	.00	.0	.....	9 mos.	09-84	123.9	327.2	2.0	100.0	.18	20.0	344.3	335.8	3.7	15.6	.32	-40.7
Pay N Pak	N	12.13	-2.25	-15.7	14.50	11.75	20.00	11.75	3,988	3.99	1.14	250.0	10.1	.60	4.9	.....	6 mos.	08-84	87.8	17.9	3.8	26.7	.38	15.2	162.2	26.5	6.2	34.8	.62	17.0
Payless Cash	N	15.88	-.13	-.8	17.50	15.25	25.00	13.50	10,452	3.23	1.38	134.1	12.8	.16	1.0	.....	9 mos.	08-84	334.5	32.8	12.9	18.3	.40	.0	843.9	37.6	27.7	13.5	.86	-5.5
Scott Seabed	O	1.00	.00	.0	1.25	1.00	4.00	1.00	44	.24	.10	140.0	8.3	.00	.0	.....	6 mos.	07-84	11.2	6.7	.2	-33.3	.13	-27.8	20.5	9.0	.2	-33.3	.13	-27.8
Scotty's Inc	N	13.50	.75	5.9	13.63	12.50	16.25	11.38	2,074	1.57	.52	201.9	10.2	.52	3.9	.....	3 mos.	09-84	101.7	6.6	3.4	6.3	.25	4.2	101.7	6.6	3.4	6.3	.25	4.2
Sears, Roebuck	N	31.63	1.63	5.4	32.50	30.25	40.38	29.50	62,518	1.74	.83	109.6	7.7	1.76	5.6	.....	9 mos.	09-84	9896.2	8.4	321.9	11.5	.88	8.6	27732.3	10.2	891.7	17.4	2.47	14.9
SW Forest Ind	N	15.50	-.50	-3.1	16.63	15.38	22.50	13.00	2,859	3.08	1.83	68.3	NM	.00	.0	.....	9 mos.	09-84	203.1	5.5	4.1	NE	.25	NE	587.5	15.8	13.1	NE	.82	NE
Std Brd Pnt	N	18.13	-.63	-3.3	18.75	18.13	22.63	16.50	2,037	1.83	1.12	63.4	10.2	.54	3.0	.....	9 mos.	10-84	81.5	2.4	5.3	-3.6	.48	-2.0	244.2	6.1	16.3	6.5	1.47	6.5
Wolohan Lumber	O	4.63	-.13	-2.6	4.88	4.50	6.50	4.00	269	.46	.56	-17.9	14.5	.16	3.5	.....	9 mos.	09-84	41.6	18.5	1.1	57.1	.19	72.7	103.0	22.8	1.8	38.5	.31	40.9
Wholesalers																														
Palmer Lewis	M	7.50	.00	.0	7.88	7.25	10.81	7.09	713	1.91	1.08	76.9	10.7	.28b	3.7	.....	3 mos.	04-84	29.1	13.2	.3	200.0	.10	42.9	29.1	13.2	.3	200.0	.10	42.9
Manufacturers																														
Am Standard	N	30.50	-.25	-.8	32.50	29.50	33.25	22.88	4,096	1.05	.71	47.9	10.6	1.60	5.2	.....	9 mos.	09-84	1005.7	97.6	30.2	105.4	.64	20.8	2529.2	57.4	87.3	95.7	2.24	38.3
Armstrong Wld	N	33.00	1.13	3.5	33.75	31.50	33.75	22.25	8,989	3.74	1.31	185.5	9.4	1.20	3.6	.....	9 mos.	09-84	395.0	6.6	22.8	15.2	.95	18.8	1186.8	9.6	73.4	46.8	3.00	49.3
Black & Decker	N	22.75	.88	4.0	23.50	21.00	28.63	17.25	14,305	2.85	1.31	117.6	11.7	.64	2.8	.....	fiscal	09-84	473.9	70.2	24.5	50.3	.48	29.7	1523.9	30.5	95.4	238.3	1.95	200.0
Certain-teed	N	21.50	.75	3.6	22.00	19.75	23.50	15.50	2,502	1.32	.43	207.0	11.7	.60	2.8	.....	9 mos.	09-84	327.0	11.2	3.6	-74.6	.17	-77.6	915.8	17.1	29.6	17.5	1.47	8.1
Champ Intl	N	20.88	1.00	5.0	21.13	19.63	28.88	16.88	44,060	8.00	3.14	154.8	9.8	.40	1.9	.....	9 mos.	09-84	1131.2	.8	40.2	64.1	.65	75.7	3430.7	7.7	109.4	87.7	1.76	107.1
Clopay Corp	A	16.88	.13	.7	16.88	16.38	19.50	13.63	22	.18	.33	-45.5	9.4	.16	.9	.....	9 mos.	09-84	36.1	12.1	1.3	62.5	1.02	61.9	97.6	12.7	1.6	100.0	1.26	90.9
DeSoto Inc	N	33.00	1.38	4.3	33.13	31.25	34.38	26.50	510	.91	.36	152.8	9.8	1.40	4.2	.....	9 mos.	09-84	114.4	22.0	5.1	10.9	.91	11.0	329.2	19.3	15.1	8.6	2.70	8.0
Emhart Corp	N	29.63	.13	.4	30.25	28.25	31.59	24.53	3,596	1.31	.41	219.5	8.8	1.27b	4.3	.....	9 mos.	09-84	420.6	6.9	21.4	9.7	.78	9.9	1346.3	8.5	64.8	16.3	2.35	15.8
Georgia-Pacific	N	24.00	.38	1.6	24.38	23.25	25.75	18.00	46,069	4.49	1.21	271.1	11.5	.80	3.3	.....	9 mos.	09-84	1880.0	10.0	83.0	2686.7	.72	1700.0	5330.0	10.5	218.0	144.9	1.95	137.8
La Pacific	N	20.50	.88	4.5	21.00	19.50	28.78	17.00	5,012	1.45	.74	95.9	25.0	.80b	3.9	.....	9 mos.	09-84	312.7	14.2	6.9	56.8	.19	46.2	946.3	16.9	21.2	1.9	.61	-3.2
Manville Cp	N	5.88	.00	.0	6.13	5.63	13.63	5.63	4,715	1.96	.83	136.1	5.0	.00	.0	.....	9 mos.	09-84	512.0	12.9	28.2	38.9	.92	55.9	1400.9	7.9	59.0	.2	1.68	-15.2
Masco Corp	N	28.00	.63	2.3	28.38	25.75	32.50	22.50	11,213	1.98	1.04	90.4	12.8	.56	2.0	.....	9 mos.	09-84	522.8	95.1	81.0	174.6	(.17)	-100.0	805.0	2.2	94.2	22.7	1.67	25.6
Natl Gypsum	N	36.50	-3.25	-8.2	39.25	34.00	40.00	27.00	5,892	3.79	1.16	226.7	5.7	1.76	4.8	.....	9 mos.	09-84	449.0	44.1	28.1	68.3	1.81	79.2	1288.3	56.8	81.6	164.1	5.24	175.8
Newell Cos	N	15.50	.00	.0	15.88	14.88	17.63	13.05	452	.53	.60	-11.7	10.5	.50	3.2	.....	9 mos.	09-84	67.6	-2.3	3.1	-20.5	.35	-27.1	218.6	32.6	10.0	6.4	1.11	.0
Owens Corning	N	32.00	.13	.4	33.13	31.00	38.88	25.13	12,704	4.31	1.16	271.6	8.2	1.40	4.4	.....	9 mos.	09-84	806.1	8.4	34.8	20.0	1.18	19.2	2285.2	12.3	80.3	71.2	2.73	68.5
Pottlatch Cp	N	29.00	.00	.0	30.25	28.63	38.00	25.75	1,486	.97	.63	54.0	10.7	1.56	5.4	.....	9 mos.	09-84	249.1	7.8	11.1	2.8	.64	16.4	757.8	12.5	39.6	30.3	2.22	45.1
Sherwin-Wms	N	26.75	-.25	-.9	28.00	25.50	32.38	22.25	4,260	1.87	.85	120.0	9.8	.76	2.8	.....	9 mos.	09-84	552.5	4.2	25.3	9.5	1.10	18.3	1573.7	4.6	55.9	16.2	2.40	24.4
Stanley Works	N	26.25	2.13	8.8	26.50	24.00	29.50	19.50	17,326	6.24	.88	608.1	10.3	.96	3.7	.....	9 mos.	09-84	294.6	18.7	18.1	29.3	.65	27.5	852.4	18.3	50.0	55.8	1.79	53.0
US Gypsum	N	59.75	-.75	-1.2	61.00	52.75	65.25	45.00	11,499	6.98	1.33	424.8	5.7	3.00	5.0	.....	9 mos.	09-84	633.7	45.9	47.5	68.4	2.87	70.8	1708.0	45.3	145.3	179.4	8.79	184.5
Walter, Jim	N	31.25	.38	1.2	32.88	29.63	32.88	22.00	8,789	4.19	1.16	261.2	7.9	1.20	3.8	.....	fiscal	08-84	656.6	14.7	33.7	27.2	1.36	30.8	2287.8	13.0	97.0	37.4	3.96	31.1
Waxman Ind	O	9.75	.75	8.3	10.00	9.00	10.25	4.13	259	1.53	.80	91.3</																		

HOUSING WATCH

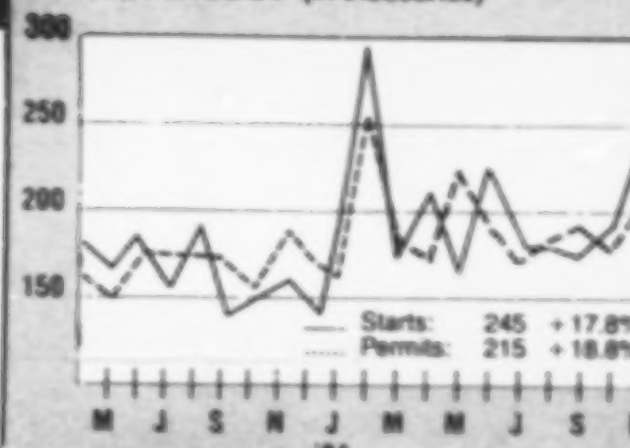
U.S. housing starts



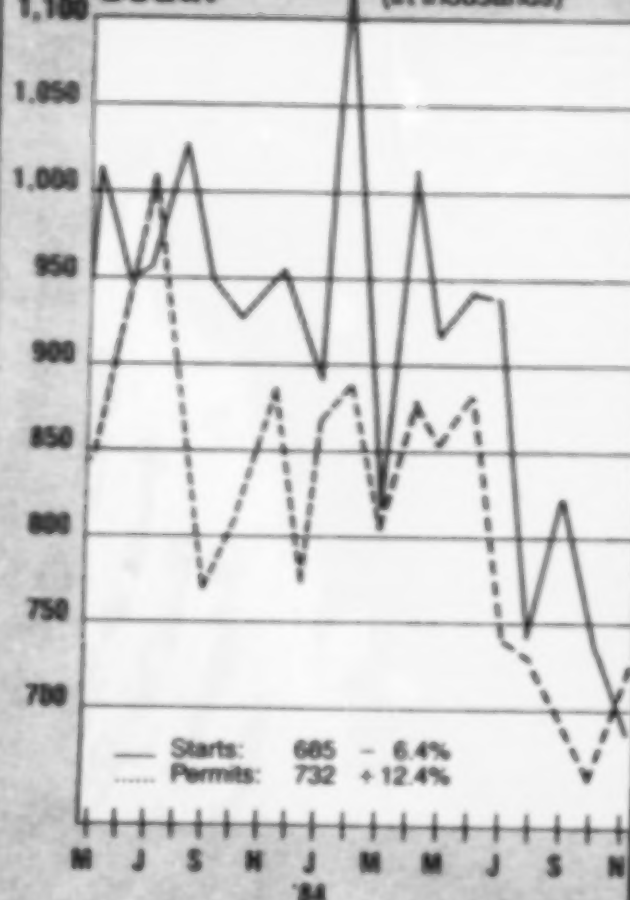
November's housing starts slowed further to 1.53 million units seasonally adjusted, down 0.7% from the previous month, according to the Dept. of Commerce. The South, the nation's leading home-building region, fell a further 6.4% from October to 685,000 units, its lowest point since January 1982. Total building permits rose by 10.7% from November to 1.57 million units, seasonally adjusted with all regions recording strong increases.

Source: Dept. of Commerce, Bureau of the Census

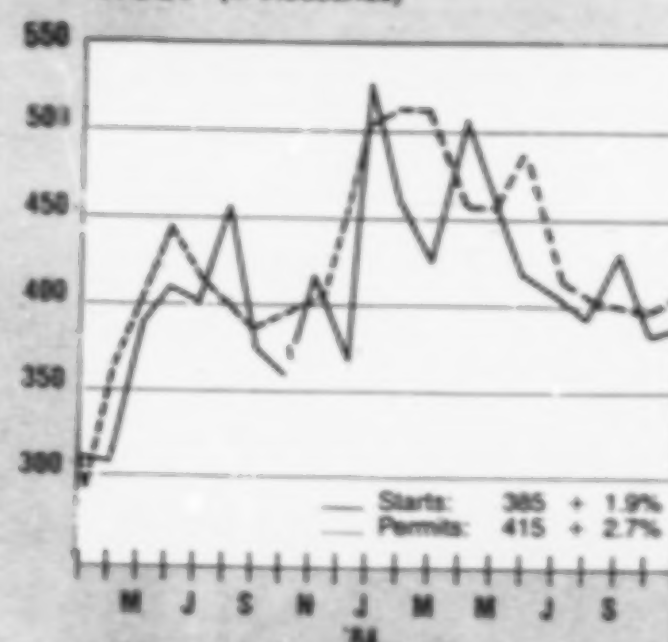
Northeast (in thousands)



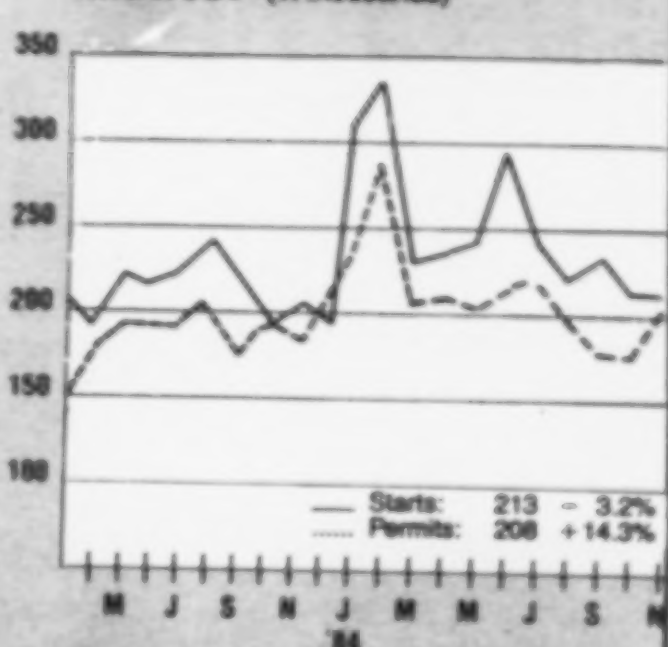
South (in thousands)



West (in thousands)



Midwest (in thousands)



Offer your customers a quality cooler and they'll be hot to buy Manville Gold insulation.

If you buy 10 bags of Manville Gold you'll get this cooler free.

Great! Buy that insulation right now.

Now is the time to get your insulation up to par with Manville Gold®.

Remodeling biz to remain strong throughout 1985

WASHINGTON — A surge in residential remodeling is expected to continue through 1985, according to the National Assn. of Home Builders and the Virginia-based National Assn. of the Remodeling Industry, a trade group.

Gopal Ahluwalia, assistant staff vp/director of research at NAHB, said although his office does not make detailed predictions on the remodeling industry, he expects 1985 to experience a 7% to 8% increase to about \$65 billion. The current year, he said, should end with sales totaling \$60 billion.

NARI is predicting even greater gains for professional home remodelers. The trade association is projecting a sales gain of \$9 million or 20.9%, from \$43.1 billion by the end of 1984 to \$52.1 billion in 1985.

The top three remodeling projects, according to NARI, will continue to be: windows and doors, up 20.9% to \$8.5 billion; kitchens, up 20.8% to \$6.9 billion, and room additions and dormers, up 20.8% to \$5.7 billion.

However, 1985 is expected to be a slower year for new home construction. Housing starts are predicted to fall to 1.5 million compared to 1984's estimates of 1.75 million new units, according to Dean Crist, research economist with the NAHB.

Projections for 1985, Crist said, were based on the prime rate starting the year at 12.5%—it has dropped to 11.25%—and ending the fourth quarter with 14.8%; AAA Bonds being 13% during the first quarter of 1985 and ending the year at 14.4%, and Treasury Bonds estimated to be 10% during 1985's first quarter and ending the year at 11.74%.

The NAHB also predicts inflation averaging 5%, personal income growing at a rate of 6% and unemployment in the first quarter being 7.6% and ending the year at 8.4%.

Making projections for the coming year really can be "a shot in the dark," Crist noted. "Anytime you're forecasting that far out, you're always stabbing the dark. Fourth quarter 1985 is far away."

The quality cooler:

It's a good-looking, Junior Party-time® hard-sided cooler.

It has a nine-can capacity and a refreezable insert to keep things cool.

It has a shoulder strap, too.

Yes, it's got plenty of customer appeal.

The quality deal:

Your customers get their free coolers when they buy ten bags of Manville Gold insulation in the BestPak™ or five bags of insulation in the QuadPak™ (20 rolls).

All insulations R-11 or higher purchased between February 8 and March 10, 1985, qualify.

When your customers send in the official rebate form and proper proofs of purchase, their coolers are shipped directly to them.

To participate (and receive rebate forms and a complete kit of promotional materials), you must fill out an official registration form.

If you haven't yet received one, contact your Manville Sales Representative.

Or write Tony Pepsoski, Manville, P.O. Box 5108, Denver, CO 80217.

The quality promotional backup.

Manville offers you a 100% co-op on your advertising (up to 2% of accrued purchases) appearing during the promotion.

Naturally, Manville will supply you with all the advertising and display materials you need.

In addition, Manville will back your local promotional efforts with a four-week national radio campaign.

Pretty cool, eh?

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WHEN YOU NEED HARDBOARD, GEORGIA-PACIFIC MAKES IT EASY.

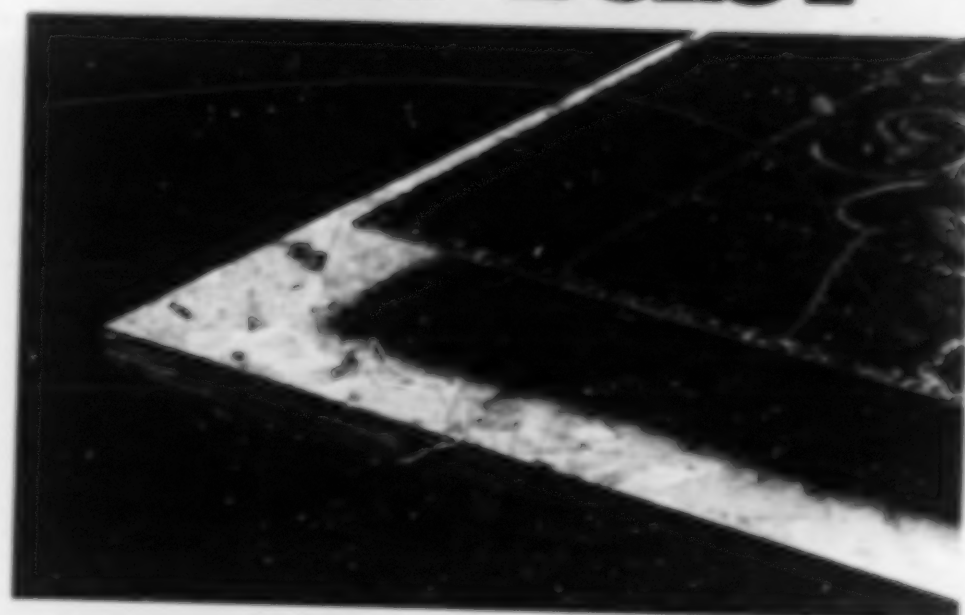
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Won't warp, buckle, or delaminate. Won't split or crack when nailing or stapling.

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BLANDEX

LUMBER REPORT

Boise downplays building mat'ls; emphasizes more profitable areas

BOISE, Idaho — In an effort to concentrate more of its assets on the expansion of its profitable businesses, Boise Cascade will reduce its "exposure" to building products, and focus on paper, packaging and office products distribution.

Company officials insist, though, that these actions do not signal Boise's exit from home improvement retailing, an industry in which it was the 18th largest dealer in 1983, even though the company, over the past five years, has closed 34 building materials distribution facilities, leaving it with 78 retail and 12 wholesale operations.

Sales out of these outlets appear to be strong, equaling \$592 million through the first nine months of 1984, ended Sept. 30, compared with \$551 million for the same period in 1983. This year's volume seems to be running ahead of fiscal 1983, when annual sales for the division totaled \$731 million.

"The closing of unprofitable stores will not materially affect the division's sales, primarily because those units were pretty much nonevents for us anyway," said Peter Danis, Boise Cascade's vp-distribution.

"We're not sending out a message to the home center industry," he explained. "But many, if not all, of the forest products companies are deciding where they want to be, geographically, in five years, and where they want to most profitably deploy their assets."

Danis said Boise's main sphere of business influence would be in the Western and Northwestern States, specifically with its paper and office products businesses. However, in some of its other segments, "we've concluded that we can't get the capital relative to their operational needs."

Boise Cascade will take a net pretax charge against fourth-quarter income totaling \$71 million, or \$1.67 per share. An estimated \$30 million is related to the closure of three wood products facilities, moving its wood

products marketing office from Portland, Ore., to Boise, and the buyout of a percentage of its Federal timber contracts.

Of the 1.4 billion board feet Boise has contracted with the Federal Government, it plans to buy out an estimated 200 million, according to Doug Bartels, a company spokesman, as permitted through legislation passed by Congress last year. "Essentially, we've been able to void the contracts and pay a penalty."

Another charge equaling an estimated \$58 million stems from the closing of a large, though reportedly obsolete, Insulite manufacturing plant in International Falls, Minn., and the shuttering of several building materials distribution units. Insulite is a registered trademark of a hardboard product made by Boise.

Boise expects to record a \$17 million pretax gain in the fourth quarter from the sale of its market pulp mill in Newcastle, New Brunswick, which was scheduled to close last month. These closings leave Boise with 29 building materials plants and 14 primary paper mills.

An indication of the company's future direction may be evident from its recently completed

purchase of substantially all of Sonat Inc.'s interests in the two companies' joint venture, Boise Southern Co., based in DeRidder, La.

Boise assumes ownership of all that venture's forest products manufacturing operations, about 330,000 acres of timberland, and the venture's leases on 290,000 acres of timberland. It also assumes Sonat's share of Boise Southern's debt, equaling \$100 million.

The deal, estimated at \$200 million, was paid for with \$56.5 million in cash and 1,226,994 shares of Boise's common stock.

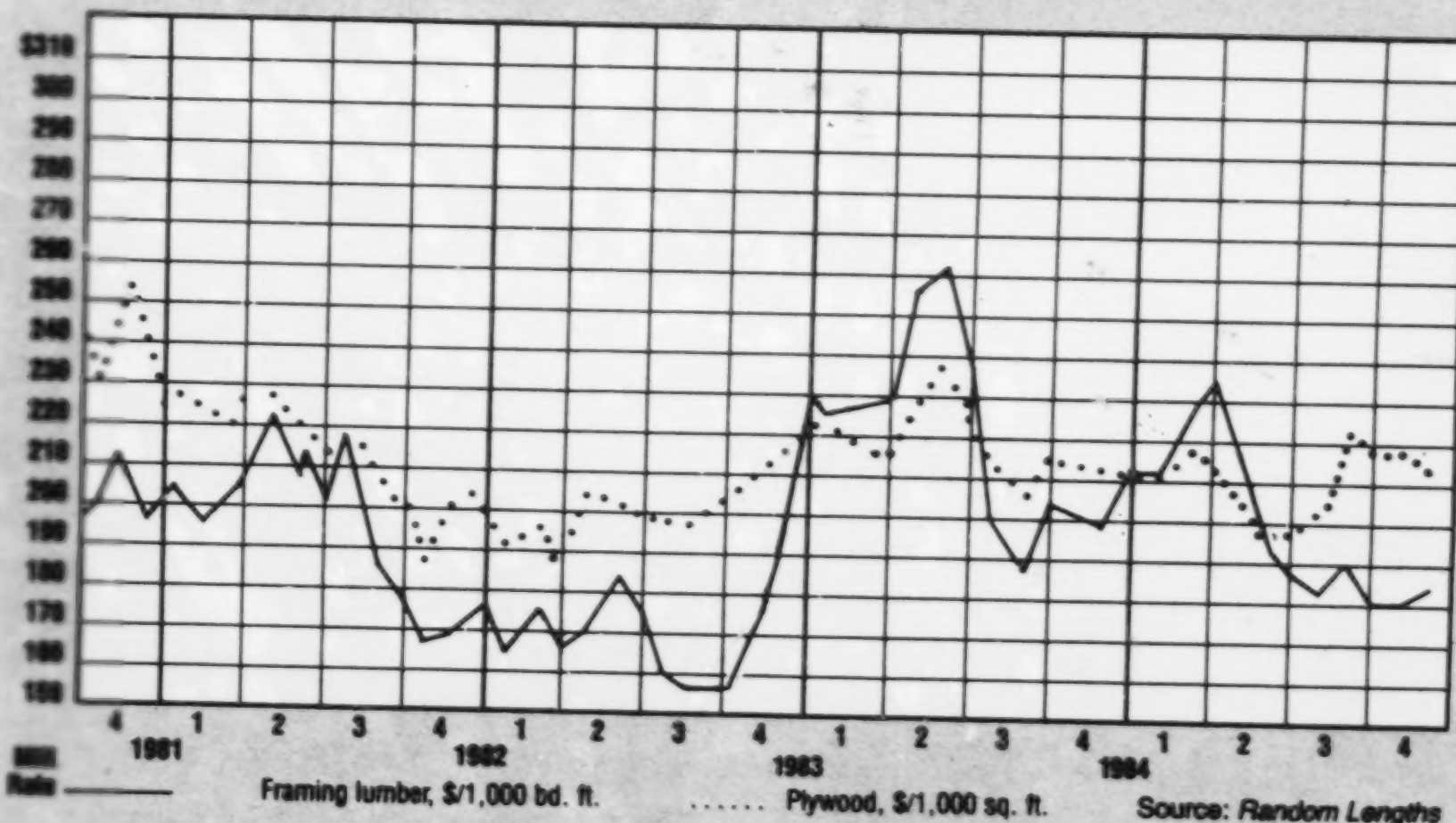
Danis said that the company, whose sales were \$3.5 billion in 1983, would, in all likelihood, be larger in the long run as the results of its recent closings and business attrition, because "our unprofitable segments will no longer be diffusing our capital, which we'll be able to funnel toward expanding existing operations."

Boise Cascade's retail and wholesale division was among those segments Danis thought could grow in the future, and he discounted the suggestion that the company's more than 30 stores in nonwestern markets like Texas and Oklahoma might be on the block.

FUTURES

Two weeks ended Dec. 13, 1984							
	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME) —130,000 bd. ft. spruce-pine-fir 2x4's; \$ per 1,000 bd. ft.							
Jan. '85	150.40	140.40	149.50	145.70	3,361	221.30	130.30
March	158.00	150.40	155.80	155.40	2,700	220.40	139.30
May	164.80	158.50	162.80	164.30	1,350	225.00	147.00
July	169.50	164.80	168.20	170.50	718	230.50	153.00
Sept.	172.50	168.50	170.80	173.00	591	197.50	157.50
Nov.	172.20	168.30	170.70	173.00	400	186.10	167.30
Jan. '86	177.50	173.50	176.10	178.50	126	187.20	173.50
Total Contract Vol. (Through 12/13): 21,970				Previous Two Weeks: 18,052			
Total Open Interest (as of 12/13): 9,278				Previous Week: 9,094			
Cash Price: \$147.00				Previous Week: \$153.86			
				Year Ago: \$170.52			
CME—Chicago Mercantile Exchange							
*Figures for Thursday, Dec. 13.							
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.							

Composite lumber/plywood price profile



After a brief surge in late summer, on the strength of the Federal Reserve's signal that the money supply would not be tightened, the composite lumber and plywood prices plateaued. The composite framing lumber price was \$184 per thousand board feet in November, compared with \$180 in October and September. The plywood composite dipped to \$212 per thousand square feet in November from \$218 in October and \$219 in September. The framing and plywood composite numbers are based, respectively, on Random Length's weighted averages of nine key lumber and seven key plywood items.